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# Congress of the United States

## U.S. House of Representatives

### COMMITTEE ON WAYS AND MEANS

1102 LONGWORTH HOUSE OFFICE BUILDING  
(202) 225-3625

Washington, DC 20515-6348

<http://waysandmeans.house.gov>

March 22, 2007

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BRETT LOPER,  
MINORITY STAFF DIRECTOR

The Honorable Mark Everson  
Commissioner  
Internal Revenue Service  
1111 Constitution Avenue NW  
Washington, DC 20224

Dear Commissioner Everson:

The Committee on Ways and Means is conducting an investigation on the use of private companies to collect federal income tax debts. The Internal Revenue Service (IRS) was granted authority to institute a private collection program in 2004 under Internal Revenue Code section 6306.

We understand that one of the three contracts awarded in September 2006 has not renewed. Also, we understand that there have been numerous complaints from taxpayers about the tactics used by contract employees and instances of violations of law, including violations of the taxpayer privacy laws under Code sections 6103. Further, we are aware of at least one serious violation of law that the IRS Complaint Panel has validated.

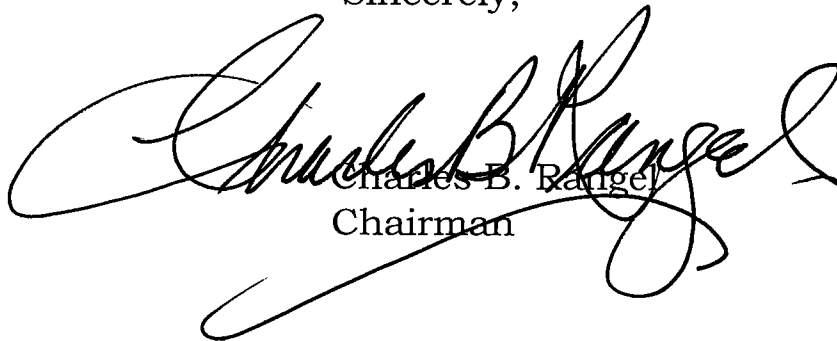
Of additional concern are the provisions of the Code which state that the federal government "shall not be liable for any act or

omission of any person performing services under a qualified tax collection contract," contract employees may engage in collection tactics not allowed to be undertaken by IRS employees, and the payment of commissions to private companies may be based on monetary collection results, a process that is prohibited for IRS evaluation of its own employees.

Given the Committee's current investigation of the program and my intent to have legislation enacted this year to repeal or significantly modify the authority granted under Code section 6306, I strongly urge that you not proceed with the process of awarding new private tax collection contracts this year. I am advised that the IRS plans to enter into three to five additional contracts in October 2007 with the procurement process beginning at the IRS next month.

Thank you for immediate attention to this matter.

Sincerely,



Charles B. Rangel  
Chairman